

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 AID-20 IGA-02 PM-07 CIAE-00 INR-10

NSAE-00 RSC-01 EB-11 AGR-20 COME-00 TRSE-00 OMB-01

SS-15 NSC-10 SR-02 ORM-03 RSR-01 /118 W

----- 048191

P R 110335Z JUL 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 2045

INFO SECDEF

CINCPAC

COMUSMACTHAI

COMUSSAG

AMEMBASSY SAIGON

AMEMBASSY BANGKOK

CONFIDENTIAL SECTION 1 OF 2 PHNOM PENH 6938

FOR STATE/AID

E.O. 11652 GDS

TAGS: EGEN, EIAD: CB

SUBJ: RICE PROJECTION

1. SUMMARY. WITH THE PROJECTED ARRIVAL BY THE END OF JULY OF THE 20,000 TON VIET NAM-ORIGINATED RICE, THE LAST SHIPMENT UNDER THE EARLIER PL 480 PROGRAM, AND THE RICE RECENTLY PURCHASED IN THAILAND, RICE STOCKS FOR THE AREAS SERVED BY PHNOM PENH WILL RISE TO A PEAK OF 473-58 DAYS SUPPLY, DEPENDING ON HOW MUCH RICE IS SECURED FROM BATTAMBANG. AFTER AUGUST 1, ABSENT OF PROCUREMENT OF ADDITIONAL RICE IN THAILAND OR ELSEWHERE, THERE WILL BE AN INEXORABLE DECLINE IN RICE STOCKS UNTIL TOTAL EXHAUSTION IN EARLY OR LATE SEPTEMBER.
END SUMMARY.

2. THE FOLLOWING IS A PROJECTION OF THE RICE SITUATION FOR CAMBODIA DURING THE MONTHS OF JULY, AUGUST AND SEPTEMBER, 1973.

JULY AUG SEPT

BEGINNING STOCKS, PHNOM

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PENH/UTAPAO/KOMPONG SOM 14914 14914 31834 23834 18034 3034

DOMESTIC STOCK, I.E.

BATTAMBANG 8000 --- 7000 --- --- ---

IMPORT:

1) VN RICE 18620 18620 --- --- --- ---

2) THAI RICE 5600 5600 --- --- --- ---

3) PL 480 5500 5500 --- --- --- ---

TOTAL AVAILABLE W DOMESTIC

SUPPLY 52634 38834 23834 18034 3034

TOTAL AVAILABLE W/O

DOMESTIC SUPPLY 44634

LESS:

1) MARITINE PROVINCES

(1750/MO) 1750 1750 1755 1750 1750 1750

2) UTAPAO AIRDROPS (200/MO) 200 200 200 200 200 200

3) SVAY RIENG & KOM CHAM

(1800/MO) 1800 1800 1800 1800 1800 0600

NET AVAIALBE 17050 17050 17050 17050 17050 16500

ENDING STOCK 31834 23834 18034 3034 25.9 DAYS

INFO SEPT ONLY

DAYS SUPPLY 5/8 43.3 32.7 5.5

 DAYS DAYS DAYS DAYS

3. IN DEVELOPING THE ABOVE PROJECTION WE HAVE MADE THE FOLLOWING

ASSUMPTION:

A) BEGINNING STOCKS - INCLUDES STOCKS IN PHNOM PENH, KOMPONG

SOM PLUS ESTIMATED STOCKS IN UTAPAO.

B) IMPORTS - INCLUDES 20,000 M/5 RICE FROM VIETNAM LESS LOSSES

AND 900 M/T NEEDED FOR REPAYMENT TO VIETNAM FOR EARLIER ARIDROPS;

5,600 M/T THAI RICE (5,000 M/T CONTRACTED FOR PLUS 600 M/T REMAIN-

INF TO ARRIVE FROM LAST PURCHASE); 5,500 M/T REPRESTING THE LAST

PL 480 SHIPMENT.

C) BATTAMBANG RICE - THE ABOVE PROJECTIONS BOTH INCLUDE QAND
EXCLUDE BATTAMBANG DELIVERIES TO PHNOM PENH. ASSUMING THAT ROUTE
5 REMAINS OPEN WE ESTIMATE THAT A MAXIMUM OF 8,000 M/T COULD BE
PHYSICALLY TRANSPORTED TO PHNOM PENH EACH MONTH. SEPTEL FOLLOWS
ON BATTAMBANG RICE AVAILABILITY, HOWEVER, WE NOW ESTIMATE THAT THE
BATTAMBANG SURPLUS MAY BE ONLY 15,000 M/T. WHILE THERE MAY BE MORE
RICE THAN 15,000 M/T AVAILABLE IN BATTAMBANG, WE HAVE BASED OUR
ESTIMATE CONSERVATIVELY AT THAT LEVEL.

D) CONSUMPTION - WE ASSUME A MINIMUM OF 550 M/T PER DAY FOR

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PHNOM PENH, FANK, AND PROVINCES SERVED BY TRUCK FROM PHNOM PENH.
ESTIMATES OF THE MARITIME PROVINCES HAVE BEEN INCREASED FROM 1,350
M/T TO 1,750 M/T PER MONTH DUE TO AN INFLUX OF REFUGEES. REQUIRE-
MENTS OF SVAY RIENG AND KOMPONG CHAM FOR RICE TO BE FURNISHED FROM
PHNOM PENH ARE AT 1,800 M/T PER MONTH. (KONPONG THOM IS NOT INCLUDED
AS SUPPLIES ARE DRAWN FROM BATTAMBANG). FINALLY AIRDROP FROM UTAPAO
TO PREY VENG AND OTHER ENCLAVES ARE ESTIMATED TO BE 200 M/T PER MOTNH
M

4. THE TABLE IN PARAGRAPH 2 INDICATES STOCKS FROM ALL AVAILABLE SOURCES (I.E. PL 480 RICE, THAI RICE, AND BATTAMBANG RICE) WILL BE EXHAUSTED BEFORE THE END OF SEPTEMBER AND WITHOUT BATTAMBANG DELIVERIES

BY THE BEGINNING OF SEPTEMBER. ASSUMING THAT THE BEGINNING OF DECEMBER WOULD BE THE EARLIEST THAT RICE FROM THE NEW U.S. CROP COULD ARRIVE IN CAMBODIA, THE GKR WILL REQUIRE A BARE MINIMUM OF 45,000 M/T OF RICE TO MAINTAIN RICE CONSUMPTION DURING SEPTEMBER, OCTOBER AND NOVEMBER. THIS AMOUNT OF RICE WOULD OF COURSE NOT INCLUDE PROVISION FOR A SECURITY STOCK. IN THE EVENT BATTAMBANG'S DELIVERY OF 15,000 M/T OF SURPLUS RICE DOES NOT REACH PHNOM PENH, THE DEFICIT WILL BE STILL GREATER.

5. THE ONLY PRESENT, FORESEEABLE, TIMELY SOURCE OF RICE TO CLOSE THE GAP IS THAILAND (AND 5,000 M/T OF RICE FROM JAPAN PER TOKY 8758 JUST RECEIVED). WITH LUCK THE GKR WILL BE ABLE TO PURCHASE AN ADDITIONAL 5,000 TONS THIS MONTH AND ANOTHER 25,000 AFTER THE SECOND THAI RICE CROP COMES IN. HOWEVER, GIVEN THE CONTINUING DIFFICULTIES IN NEGOTIATING WITH THE RTG FOR RICE OF QUALITIES TRADITIONALLY CONSUMED IN CAMBODIA AND WHICH ARE NOW LEGALLY BANNED FOR EXPORT FROM THAILAND, ACQUISITION OF THIS RICE IS QUESTIONABLE. HOWEVER, BROKEN AND PAR-BOILED RICE ARE ELIGIBLE FOR EXPORT AND WE ARE URGING SONEXIM TO EXPLORE NOW THE PROBABILITIES OF ACQUIRING THESE TYPES OF RICE. THESE GRADES SHOULD LOGICALLY BE CHEAPER THAN THE 1/55 RICE JUST PURCHASED, ALTHOUGH GIVEN THAI BARGAINING POWER, THIS CANNOT BE PREDICTED WITH ANY DEGREE OF CONFIDENCE.

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----- 048157

P R 110335Z JUL 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 2046

INFO SECDEF

CINCPAC
COMUSMACTHAI
USSAG
DIA WASHDC
AMEMBASSY SAIGON
AMEMBASSY BANGKOK

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FOR STATE/AID

6. ANOTHER POSSIBILITY IS A PRIVATE SALE OF 1/25/1/55 THAI RICE. AN OFFER OF 40-100,000 TONS KEEPS EMERGING FROM TIME TO TIME BUT ITS BONAFIDES ARE BOUBTFUL. THE PHNOM PENH PROMOTER OF THIS DEAL JUST RENEGED ON A CONTRACT TO FURNISH THAI SUGAR UNDER THE CIP AND THERE IS NO REASON TO BELIEVE HE WOULD BE ANY MORE RELIABLE IN THE CASE OF RICE. THIS IS PROBABLY NOT THE ONLY DEAL THAT MIGHT SURFACE AND LY KIM HENG THINKS A PRIVATE SALE OF SOME SORT MIGHT BE ARRANGED IN THAILAND FOR 1/25-1/55 RICE AT A PRICE OF ABOUT \$250 A TON FOB BANGKOK. WE HAVE NO WAY OF ASSESSING THE VALIDITY OF HIS JUDGEMENT ALTHOUGH THERE ARE REPORTS HERE OF CONTINUING PRIVATE SALES OF THAI RICE WHICH ARE AT LEAST IN TECHNICAL VIOLATION OF THE RTG'S EXPORT BAN. LY KIM HENG BELIVES THE FACT OF THE BAN IMPOSES A HIGH DEGREE OF RISK IN GOING FOWARD WITH A PRIVATE SALE. WE ARE INCLINED TO AGREE WITH HIM BUT WOULD LIKE TO HAVE BANGKOK'S VIEWS, PARTICULARLY AS TO THE QUESTION OF WHETHER IN FACT PRIVATE DEALS ARE BEING ARRANGED AND EXECUTED WITH THE TOLERANCE OR CONNIVANCE OF THE THAI AUTHORITIES. WITH RESPECT OF ALL THAI RICE, ARRANGEMENTS WILL HAVE CONFIDENTIAL

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TO BE MADE VERY QUICKLY, SINCE NEGOTIATIONS WILL UNDOUBTEDLY BE PROLONGED NOT ONLY FOR RICE BUT SHIPPING AS WELL. OTHERWISE THERE IS LITTLE LIKELIHOOD THAT ANY THAI RICE WILL ARRIVE HERE BEFORE THE NEW DANGER POINT SI REACHED.

7. REDUCTION IN THE RATE OF DISTRIBUTION, WHICH ON A TREND BASIS IS NOW IN THE RANGE OF 570-600 TONS PER DAY WILL, OF COURSE, HAVE TO BE CONSIDERED ALTHOUGH EXTREMELY DIFFICULT TO ACHIEVE. WE HAVE AMPLY EVIDENCE OF THE FEEBLENESS OF THE GKR'S ADMINISTRATIVE MACHINERY IN DEALING WITH PRESENT RICE PROBLEMS. WHILE WE ARE PREPARED TO PUSH THE GKR IN THIS REGARD, GIVEN THIS FACT AS WELL AS THE POLITICAL RISKS INVOLVED, WE ARE NOT OPTIMISTIC.

8. THESE ALTERNATIVES ARE THE ONLY ONES THAT WE SEE AT THE PRESENT TIME AND THEY ARE NOT ENCOURAGING. THUS, IF A NEW CRISIS IS TO BE AVOIDED IN SEPTEMBER, AN INTENSIVE SEARCH WELL HAVE TO BE MADE FOR OTHER SOURCES OF IMPORTED RICE.

SWANK

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